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DEPARTMENT OF HUMAN SERVICES
JESSIE K. RASMUSSEN, DIRECTOR

December 15, 2000

Michael Marshall
Secretary of Senate
State Capitol
LOCAL

Margaret Thomson
Clerk of the House
State Capitol
LOCAL :

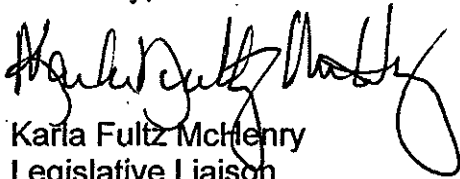
Dear Mr. Marshall and Ms. Thomson:

Enclosed please find copies of the report to the General Assembly relative to child care reimbursement alternatives.

These reports were prepared pursuant to directive contained in SF 2344, Section 17.

The Department appreciates the opportunity to address such an essential component as reimbursement rates in ensuring the availability, accessibility, and quality of child care to Iowa's children. If you have additional questions, please feel free to contact me at **281-4848**.

Sincerely,



Karla Fultz McHenry
Legislative Liaison

KFM/JC

Enclosure

CC: Diane Bolender, Legislative Service Bureau
Dennis Prouty, Legislative Fiscal Bureau
Angela Dorsey, Senate Majority Caucus
Steve Conway, Senate Minority Caucus
Brad Trow, House Majority Caucus
Jennifer Parsons, House Minority Caucus
David Heaton, State Representative
Ken Veenstra, State Senator

**REPORT TO THE IOWA LEGISLATURE
IOWA DEPARTMENT OF HUMAN SERVICES**

STATE CHILD CARE ASSISTANCE -- MARKET RATES

I. BACKGROUND

The Iowa Department of Human Services administers the state's child care assistance program, which primarily provides support for child care costs to low-income parents who are working or in post-secondary school on a MI-time basis. The program reimburses providers at a statewide maximum rate based on the 75th percentile of a market rate survey. The 75th percentile is a measure **encouraged by** the federal government as a means of ensuring equal access to children receiving subsidized care. The market rate survey is conducted statewide and surveys the rates charged to "private-pay" parents by child care providers -both child care center and home providers. The resulting information yields the rate structure that reimburses providers for the care they provide to children eligible under the child care assistance program.

The **federal** regulations under the Child Care Development Fund mandate that a private-sector market rate survey be conducted no less than every two years. The federal regulations do not mandate that states implement new rates based on the survey; rather, that is **left** to the discretion of state legislatures through the appropriation process.

Senate File 2344, Section 17 mandated that the Department review alternatives for applying provider rates on a county, cluster, and regional basis. Following is a review of the steps taken and the results obtained in addressing alternatives to a statewide reimbursement rate.

H. METHODOLOGY

Survey Partner

Within the Department, the Bureau of Research and Statistics coordinates and **provides** the analysis for the market rate survey. The survey is conducted every even numbered year. In prior surveys, a contractor was used to conduct a telephone survey with providers. Inherent challenges existed with this strategy, not the least of which was the inefficiencies in having an entity unknown to the child care industry attempt to locate a **sufficient** number of providers and glean accurate information.

For the 2000 survey, the Department partnered with the Child Care Resource and Referral (**CCR&R**) network **to** collect provider rate data from across the state. The **CCR&R's** maintain data using a uniform format for every county on all regulated providers and non-regulated providers who request to be on the **CCR&R** referral base. The data base is maintained and updated annually on rates charged to parents.

Data Collection

Beginning in SFY2001, the Iowa Legislature mandated that provider reimbursement rates would be established based on the 1998 market rate survey. Therefore, to ensure that the rates gathered were the most accurate, particularly in light of the allowable provider rate increase, the **CCR&R's** contacted all the providers on their data base either via mail or telephone contact.

The updating of provider rates occurred between **9/1/00** and **10/15/00**. Using this timetable allowed an opportunity for providers to make any adjustment in their private pay rate if necessary to access the maximum state rate. If a provider was unable to be contacted, the rate as reflected in the **CCR&R** data base was used. The rates in the existing data base had been updated within the past 12 months.

The **CCR&R's** were able to collect data on 3 842 unduplicated providers, yielding a statistically valid measure. The response rate in partnering with the **CCR&R** yielded more than twice as many rates as the Department was able to collect in 1998 using the contractor's telephone survey; therefore, the use of the **CCR&R** data yields data that is more reflective of the current market.

In collecting data, the following parameters were used:

- ✓ Only full-time, weekly rates were included in this survey. For reasons of consistency and statistical comparison, part time (including before and after school-age providers) and seasonal rates were excluded.
- ✓ Since the statewide rate is established based on the private pay market, if a provider served only children reimbursed by the Department (and thus has no "private pay" rate), then those providers' rates were excluded from the survey.
- ✓ The providers surveyed had to be in business at the time the rate data was collected to ensure that obsolete rate data was not used.
- ✓ Rates for providing care to children with special needs were excluded **from** the survey. In past surveys, gathering data on this particular pool has proven very challenging, due to the limited number of providers who indicate they charge a different rate. Thus a very limited pool results from which to extract a **75th** percentile. The Department is currently working with parents, providers, and advocates to develop a more appropriate method of reimbursing providers based on the actual needs of a particular child **and** the interventions necessary by a provider in supporting a child's care.

Based on the parameters identified above, the following chart depicts the number of providers contacted for this survey:

Child Care Provider Type	Total # of Full-Time Providers Contacted	Total Full-Time Providers Statewide*	Percent Contacted Compared to State Total
Licensed centers	415	952	43.6
“Registered Group and Group/Joint Child Care Homes”	873	1535	56.9
Registered Family Homes	1457	3311	44.0
Nonregistered Family Homes	1097	2122	51.7
TOTAL	3842	7920	48.5

* Estimate using DHS Child Care Licensing and Purchase of Services system files.

By DHS region, the following number of providers reported rate information:

DHS Region I CCR&R Area	Total Full-Time Providers
Sioux City Region	613
Waterloo Region	412
Council Bluffs Region	710
Des Moines Region	1139
Cedar Rapids Region	968
Total	3842

Data Analysis

In order to analyze rates gleaned under a new survey and in the context of alternative approaches, a basic understanding of the current reimbursement structure is necessary. The Department has established rates on a half-day unit, which is defined as care up to 5 hours. The half-day unit gives deference to providers’ (particularly centers) costs of doing business and providing appropriate staffing regardless of whether the child is there one hour or five hours. As most providers establish their rates as a weekly rate, their rates are then converted to the half-day rate.

The current reimbursement structure applies a maximum statewide rate -- based on the 75th percentile of the market rate survey -- and reimburses based on the type of setting and the age of the child. Rates are **further** established based on basic care and providing care for children with special needs. While established as the **maximum** reimbursement, a provider cannot charge the state more than the rate they charge “private pay” parents. The chart depicting the **current** maximum reimbursement rates for basic care are shown in the table below:

Half-Day Maximum Rates for Basic Care				
Age Group	Child Care Center	Registered Family Home	Registered Group Home	Nonregistered Family Home
Infant and Toddler (2 wks. – 2 years)	\$12.45	\$10.00	\$9.00	\$8.19
Preschool (2 yrs. kindergarten)	\$10.50	\$9.00	\$8.55	\$7.19
School-Age (kindergarten to age 13)	\$9.00	\$9.00	\$8.33	\$7.36

III. RATE TABLES

For the purposes of this analysis, rate calculations were completed for statewide, rural/urban, DHS regional and cluster, and county demographic areas in Iowa. Separate rate tables were developed for all demographic areas listed above with the exception of counties. A rate table for 99 counties became challenging once it was determined that a sufficient **number** of providers could not be established for all counties.

As the tables that follow will show, no increase has been allowed for non-registered providers. At the direction of the legislature, a non-registered provider is currently **“frozen”** at the pre-1996 rates, As specified in the Department’s appropriation bill, the action is due in part as an incentive to encourage non-registered providers to become registered.

Eight charts are incorporated at the conclusion of this report, depicting the half-day rates per provider type for:

- 9 Statewide rates at the **75th percentile** -- comparison of 1998 and 2000 **survey**
- 9 **Rural/Urban** rates at **the 75th percentile** --comparison of 1998 and 2000 **survey**
- 9 Statewide rates at the **75th percentile** -- # of providers responding to establish rate
- 9 **Rural/Urban** rates at **the 75th percentile** -- # of providers responding to establish **rate**
- 9 DHS Regional **rates** at the **75th percentile** -- # of providers responding to establish rate
- 9 DHS Cluster **rates** at **the 75th percentile** -- # of providers responding to establish rate
- 9 **County** rates (with responses to **all 12 rates**) at the **75th percentile** -- # of providers responding to establish rate
- 9 Statewide rates at the **75th percentile** -- **hourly** rate

The following is noteworthy regarding the rate tables:

Statewide rate

In the statewide rates, the largest percentage increase (11.1%) over the 1998 rates occurred in both the rates for preschoolers served in registered family home settings and school age children served in licensed centers. Rates for infant care in home settings remained unchanged over the 1998 rates, Rates for infant care in centers increased by 7.4 % .

Rural/Urban

In reviewing the rural/urban comparison, “urban” is defined as the following nine counties: **Black Hawk**, Dallas, Johnson, **Linn**, Polk, Pottawattamie, Scott, Warren, and Woodbury. (Source: Statistical Abstract of the United States published by the U.S. Census Bureau).

Rates for rural providers remained relatively constant, increasing in only 2 of the 12 categories, The largest increase in the rural rates occurred in the rates for preschoolers served in registered family group homes (6.4%). The rates actually decreased -- below the current rate paid -- for infants and preschoolers served in centers.

The largest percentage increase in the urban rates was the rate for school age care in centers (30.9%) and infants in registered family group homes (11.1%). Otherwise, rates remained consistent or realized slight increases.

DHS Regional Rates

In reviewing the five DHS region's rates at the 75th percentile, the following depicts the number of regions and categories of care with rates that exceeded or fell below the 2000 statewide maximum:

Region	Categories – # and Amount That EXCEED 2000 Statewide Maximum	Categories – # and Amount That Are LESS Than 2000 Statewide Maximum
Sioux City	0	5 infant – Center (-\$3.12) preschooler – Center (-\$1.92) school-age – Center (-\$1.45) infant – Registered Home (-\$1.00) preschooler – Registered Home (-\$1.00)
Waterloo	1 infant – Registered Group (+\$0.20)	3 infant – center (-\$1.43) preschooler – Center (\$0.70) school-age – Center (-\$0.50)
Des Moines	7 infant – Center (+\$1.63) preschooler – Center (+\$1.30) School-age – Center (+\$0.38) infant –Registered Family Group (+\$ 1.00) preschooler – Registered Family Group (+\$1.00) infant –Registered Home (+\$1.50) Preschooler – Registered Home (+\$0.13) School-age-Registered Home (+\$1.00)	0
Council Bluffs	0	8 infant – Center (-\$2.87) preschooler – Center (-\$1.81) school-age – Center (-\$2.00) infant – Registered Family Group (-\$0.49) preschooler – Registered Family Group (-\$1.00) school-age – Registered Family Group (-\$1.12) infant – Registered Home (-\$1.00) Preschooler-Registered Home (-\$1.00)
Cedar Rapids	3 Infant – Center (+\$0.13) preschooler – Center (+\$0.60) School-age-Center (+\$0.50)	1 Preschooler – Registered Home (-\$0.50)

DHS Cluster Rates

In comparing the 38 cluster rates at the 75th percentile to the statewide 2000 rates, the following was evident:

Type of Care	Number of DHS Clusters (Out of 38) With a Rate That Exceeded the 2000 Statewide Maximum
Infant/Toddler – Center	7
Preschool – Center	9
School-Age – Center	9
Infant/Toddler – Registered Family Group Home	13
Preschool – Registered Family Group Home	10
School-Age – Registered Family Group Home	6
Infant/Toddler – Registered Family Home	9
Preschool – Registered Family Home	7
School-Age – Registered Family Home	8

Primary clusters (by city) exceeding state rates in at least 2 of the 3 age categories:

<u>Centers</u>	<u>Registered Family Group Home</u>	<u>Registered Homes</u>
Mason City	Decorah	Des Moines
Des Moines	Dubuque	Ames
Ames	Des Moines	Boone
Boone	Ames	Iowa City
Newton	Indianola	
Cedar Rapids	Marshalltown	
Iowa City	Cedar Rapids	
Davenport	Iowa City	
	Fairfield	

County Rate

In reviewing the 22 counties with responses in all 12 categories of care; the number of counties with rates that exceeded the 2000 statewide maximum:

Age/Setting	Number of Counties (Out of 22) that Exceeded State Maximum	# of Urban Counties	# of Rural Counties
Infant – Center	8	5	3
Preschooler – Center	7	5	2
School-age – Center	8	4	4
Infant – Registered Family Group Home	8	4	4
Preschooler -- Registered Family Group Home	9	5	4
School-Age -- Registered Family Group Home	10	3	7
Infant – Registered Home	7	2	5
Preschooler – Registered Home	4	1	3
School-Age – Registered Home	10	4	6

IV. COST ESTIMATES

A series of cost estimates using the 2000 75th percentile rates have been projected for the statewide, rural/urban, and DHS regional rates. The estimates are based on the actual units/costs paid for child care assistance in SFY2000. The estimates compare the actual units/costs in SFY2000 to what the costs would be if the new rates based on the 2000 market rate survey were in effect.

In reviewing the cost estimates, it is important to remember that projections are based on the maximum rate ceilings – not all providers have established their private pay rate equivalent to or exceeding the Department's maximum reimbursable rate. In all of the cost estimates, rates for nonregistered and for special needs care were **left** at the current rate levels, for reasons cited earlier in this report.

Comparing **actual** costs for SFY 2000 to reimbursement using the rates under the 2000 survey, the following chart reflects the difference based on the reimbursement strategy – the difference reflects – *as a conservative estimate* – the additional funding that would be necessary to support the rate strategy:

Demographic Area	Actual DES SFY2000 Costs*	DES SFY2000 Costs Using 2000 Survey Rates	Difference Between Actual and New Rate Costs
State			
Statewide	\$48,335,221	\$54,427,796	\$6,092,575
Urban / Rural			
Urban	\$10,903,679	\$34,483,278	\$4,579,599
Rural	\$18,431,542	\$20,463,630	\$2,032,088
	\$48,335,221	\$54,908,5	\$6,611,687
Regional			
Sioux City	\$7,505,873	\$7,900,828	\$394,955
Waterloo	\$7,830,116	\$8,754,807	\$924,691
Des Moines	\$11,908,562	\$14,208,040	\$2,299,478
Council Bluffs	\$3,386,321	\$3,769,458	\$383,137
Cedar Rapids	\$17,704,349	\$19,720,169	\$2,015,820
	\$48,335,221	\$54,353,302	\$6,018,081

* Waiting list implemented 10-1-00

V. CONSIDERATIONS

The data gathered raises the following administrative and equity considerations in comparing alternate ways of reimbursing providers on market rate data:

County

Representation of providers is of concern when market rates are taken to a **county-by-county** level. At an absolute minimum, a rate established at the 75th percentile requires that each county has at least 4 providers serving privatepay families – in each of the 12 possible rate groupings – with a range among those rates, Only 22 out of 99 counties had

all 12 rates. Twenty-six counties had at least 6 of the 12 rates. Over half of the counties failed to meet at least 6 of the 12 rates,

Consequently, information is **insufficient** to be able to determine a true market rate for all 99 of Iowa's counties. Because of the limited number of provider types (and ages served) that may be available in any one county, it may be impossible to ever yield data **sufficient** to establish a rate at the 75th percentile. While the Department is partnering with the Child Care Resource and Referral agencies to increase the supply of child care, there remain some counties in the state with less than 5 registered child care homes and **no** licensed centers.

Cluster

In reviewing rates by cluster, a majority of the 38 clusters did not exceed the statewide maximum. In most instances, fewer than 10 clusters for a particular provider type/age served had a rate that exceeded the statewide rate.

Establishing rates on a cluster basis would result in 38 different rate tables, with 12 rates per table, which could become confusing to providers, parents, and DHS workers. The likelihood of error increases as the number of rate options increase, particularly when payment is established for families who might reside in one cluster but receive **child** care in another.

Regional

Only one region, Des Moines, shows a significant difference **from** the other regions in terms of rates. This is probably truly more of a rural/urban difference, because of the 9 counties **considered** urban in Iowa, 3 of them are in the DM region. This approach would not be as **confusing** for providers and parents as the cluster approach, since there would be only one rate table per region. However, moving to the regional approach would cause a significant number of providers across the state to see a decrease in their reimbursed rates, because in some cases both the current and 2000 state maximum is higher than their 2000 regional maximum.

Rural/Urban

Using this methodology would result in some providers realizing an increase and others a decrease in their **rates compared** to current reimbursement. **For example**, the rates for infants and preschoolers attending child care centers and infants in registered family child care homes in rural areas were found to be lower than the current state maximums. Rural providers of school-age care in centers and preschoolers and school-age children care for in registered family group home settings would realize a slight increase in this methodology over what they are currently reimbursed. However, establishing a rural rate at less than the current maximum raises some concern in supporting infant care options in rural Iowa.

Statewide

Implementing the 2000 market rate data under a statewide system results in all categories remaining consistent with or realizing an increase of between 1.9-1 1.1% over the 1998 maximum rate. Rates remain unchanged for infant and school-age care in registered home settings.

Administration

Administratively, a regional, urban or statewide rate is less cumbersome to administer than a cluster or county rate structure. Converting from a statewide rate --with 12 rates based on age and provider type -to a cluster rate would result in 456 basic care rates; county-based rates would result in 1,188 basic care rates. The challenges in administering a multi-rate system is compounded by the potential to **confuse** providers, the likelihood for errors to occur, challenges in completing the federal reporting requirements, etc.

VI. CLOSING

The strategy/methodology used to reimburse child care providers is an area that has received both state and national attention. Given the vast array of care settings and needs, certainly “one strategy does not fit all.” In this report, the strategies have focused on geographic variations in reimbursement. There are distinct benefactors and those who would be negatively impacted depending on the strategy, as well as administrative considerations that impact effectiveness.

Given that, the Department makes no one recommendation at this time based on the information presented here. Rather, it seems more prudent to have continuing dialogue about the method of reimbursement that **arrives** at a closer representation of a providers’ actual costs of care, including incentives for quality improvement and for providing alternative care (**2nd/3rd shift**, weekend, mildly ill, etc.): Consideration may also be given to increasing the reimbursement level of the market rate (above the current **75th** percentile). Doing so may yield greater access for parents, **retention** of providers, and **positive outcomes** for Iowa’s children.

The Department appreciates the opportunity to address this critical component in improving the quality of child care for Iowa’s children.

12/00

CHART #1 -COMPARISON OF 75TH PERCENTILE RATES FROM THE 1999 AND 2000 PROVIDER RATE SURVEYS
STATEWIDE FOR BASIC CARE

Includes no change for **NonRegistered** Child Care Providers

HALF DAY RATES FOR BASIC CARE

Age Group	Licensed Day Care Center			Registered Group Home			Registered Family Home			NonRegistered Family Home		
	1998	2000	% Change	1998	2000	% Change	1998	2000	% Change	1998	2000	% Change
Infant and Toddler	12.45	13.37	7.4%	9.00	9.00	0.0%	10.00	10.00	0.0%	8.19	8.19	0.0%
Pre-School	10.50	10.70	1.9%	8.55	9.00	5.3%	9.00	10.00	11.1%	7.19	7.19	0.0%
School Age	9.00	10.00	11.1%	8.33	9.00	8.0%	9.00	9.00	0.0%	7.36	7.36	0.0%

/CHART #2 -- COMPARISON OF 75TH PERCENTILE RATES FROM THE 1998 AND 2000 PROVIDER RATE SURVEYS													
BY RURAL AND URBAN AREAS FOR BASIC CARE													
/Includes no change for NonRegistered Child Care Providers ¹													
Licensed Day Care							Registered Group Home						
Age Group	Rural			Urban			Rural			Urban			
	1998	2000	Pct. Chg.	1998	2000	Pct. Chg.	1998	2000	Pct. Chg.	1998	2000	Pct. Chg.	
Infant/Toddler	\$11.25	\$11.03	-2.0%	\$14.50	\$14.70	1.4%	\$9.00	\$9.00	0.0%	\$9.00	\$10.00	11.1%	
Pre-School	\$10.00	\$9.90	-1.0%	\$11.50	\$11.62	1.0%	\$8.46	\$9.00	6.4%	\$9.00	\$9.50	5.6%	
School Age	\$9.33	\$9.45	1.3%	\$8.16	\$10.68	30.9%	\$9.00	\$9.00	0.0%	\$9.00	\$9.00	0.0%	
Registered Family Home							NonRegistered Family Home						
Age Group	Rural			Urban			Rural			Urban			
	1998	2000	Pct. Chg.	1998	2000	Pct. Chg.	1998	Current	Pct. Chg.	1998	Current	Pct. Chg.	
Infant/Toddler	\$9.00	\$9.00	0.0%	\$11.00	\$11.00	0.0%	\$8.19	\$8.19	0.0%	\$8.19	\$8.19	0.0%	
Pre-School	\$9.00	\$9.00	0.0%	\$10.00	\$10.00	0.0%	\$7.19	\$7.19	0.0%	\$7.19	\$7.19	0.0%	
School Age	\$9.00	\$9.00	0.0%	\$9.00	\$9.50	5.6%	\$7.36	\$7.36	0.0%	\$7.36	\$7.36	0.0%	
Source: 1998 and 2000 Provider Child Care Survey conducted by the Iowa Department of Human Services in the fall of each year.													
Notes:													
1. The survey asked providers for their private pay rates. When necessary, rates were converted to half day rates.													
2. The following counties were defined as urban counties: Black Hawk, Dallas, Johnson, Linn, Polk, Pottawattamie, Scott, Warren and													
Woodbury. All other counties were defined as rural.													

75TH PERCENTILE RATES FROM THE 2000 IOWA **CHILD** CARE PROVIDER
SURVEY • ALL PROVIDERS • STATEWIDE RATES

TABLE 1: HALF DAY RATES FOR BASIC CARE								
Age Group	Licensed Child Care Center		Registered Group Home		Registered Family Home		Non Registered Family Home	
	Rate	#	Rate	#	Rate	#	Rate	#
Infant and Toddler	13.37	580	9.00	1618	10.00	2655	9.50	1993
Pre-School	10.70	742	9.00	1716	10.00	2859	9.00	2131
School Age	10.00	312	9.00	707	9.00	1000	9.00	733

Cell Key : # = Number of Providers who Responded

**75TH PERCENTILE RATES FROM THE 2000 IOWA CHILD CARE PROVIDER
SURVEY -ALL PROVIDERS - URBAN/RURAL RATES**

TABLE 1: HALF DAY RATES FOR BASIC CARE - URBAN								
Age Group	Licensed Child Care Center		Registered Group! Home		Registered Family Home		Non Registered Family Home	
	Rate	#	Rate	#	Rate	#	Rate	#
Infant and Toddler	14.70	273	10.00	582	11.00	1393	10.13	747
Pre-School	11.62	382	9.50	617	10.00	1529	10.00	806
School Age	10.68	144	9.00	248	9.50	494	9.50	244

TABLE 2: HALF DAY RATES FOR BASIC CARE - RURAL								
Age Group	Licensed Child Care Center		Registered Group Home		Registered Family Home		Non Registered Family Home	
	Rate	#	Rate	#	Rate	#	Rate	#
Infant and Toddler	11.03	307	9.00	1036	9.00	1262	9.00	1246
Pre-School	9.90	360	9.00	1099	9.00	1330	9.00	1325
School Age	9.45	168	9.00	459	9.00	506	9.00	489

Cell Key : # = Number of Providers who Responded

75TH PERCENTILE RATES FROM THE 2000 IOWA CHILD CARE PROVIDER SURVEY -ALL PROVIDERS - REGIONAL RATES

TABLE 1: HALF DAY RATES FOR BASIC CARE - REGION1 (SC)

Age Group	Licensed Child Care Center		Registered Group Home		Registered Family Home		Non Registered Family Home	
	Rate	#	Rate	#	Rate	#	Rate	#
Infant and Toddler	10.25	76	9.00	251	9.00	475	9.00	333
Pre-School	8.78	103	9.00	264	9.00	493	9.00	346
School Age	8.55	45	9.00	121	9.00	206	9.00	138

TABLE 2: HALF DAY RATES FOR BASIC CARE - REGION2 (WA)

Age Group	Licensed Child Care Center		Registered Group Home		Registered Family Home		Non Registered Family Home	
	Rate	#	Rate	#	Rate	#	Rate	#
Infant and Toddler	11.94	130	9.20	200	9.84	273	10.00	153
Pre-School	10.00	161	9.00	206	9.00	278	9.00	165
School Age	9.95	53	9.00	89	9.00	114	9.00	67

TABLE 3: HALF DAY RATES FOR BASIC CARE - REGION3 (DM)

Age Group	Licensed Child Care Center		Registered Group Home		Registered Family Home		Non Registered Family Home	
	Rate	#	Rate	#	Rate	#	Rate	#
Infant and Toddler	15.00	173	10.00	448	11.50	928	11.00	530
Pre-School	12.00	230	10.00	464	10.13	963	10.00	520
School Age	10.38	104	9.00	179	10.00	270	9.00	136

TABLE 4: HALF DAY RATES FOR BASIC CARE - REGION4 (CB)

Age Group	Licensed Child Care Center		Registered Group Home		Registered Family Home		Non Registered Family Home	
	Rate	#	Rate	#	Rate	#	Rate	#
Infant and Toddler	10.50	70	8.51	426	9.00	260	9.00	479
Pre-School	8.89	84	8.00	450	9.00	281	8.55	512
School Age	8.00	39	7.88	173	9.00	84	9.00	163

TABLE 5: HALF DAY RATES FOR BASIC CARE - REGION5 (CR)

Age Group	Licensed Child Care Center		Registered Group Home		Registered Family Home		Non Registered Family Home	
	Rate	#	Rate	#	Rate	#	Rate	#
Infant and Toddler	13.50	131	9.00	293	10.00	719	10.00	498
Pre-School	11.30	164	9.00	332	9.50	844	9.00	588
School Age	10.50	71	9.00	145	9.00	326	9.00	229

Cell Key : # = Number of Providers who Responded

75TH PERCENTILE RATES FROM THE 2000 IOWA CHILD CARE PROVIDER

SURVEY - ALL PROVIDERS - CLUSTER RATES

Cell Key : # = Number of Providers who Responded

NA= Not Available

TABLE 1: HALF DAY RATES FOR BASIC CARE

Cluster	Licensed ChildCare Center						Registered Group Home						Registered Family Home						Nonregistered Family Home					
	Inf/Tod		PreSch		SchAge		Inf/Tod		PreSch		SchAge		Inf/Tod		PreSch		SchAge		Inf/Tod		PreSch		SchAge	
	Rate	#	Rate	#	Rate	#	Rate	#	Rate	#	Rate	#	Rate	#	Rate	#	Rate	#	Rate	#	Rate	#	Rate	#
Sioux City	12.00	19	9.00	35	8.75	17	9.00	55	8.94	56	8.75	27	10.00	118	9.00	128	9.00	55	9.00	47	8.00	55	8.00	19
Orange City	10.24	18	8.66	18	8.55	7	9.00	48	9.00	58	9.00	27	9.00	45	8.55	49	8.04	20	9.00	67	9.00	72	9.00	29
Storm Lake	NA	2	NA	2	NA	1	9.00	26	9.00	28	9.00	13	9.00	76	9.00	76	9.00	34	9.00	43	9.00	44	9.00	20
Spencer	10.13	13	9.00	22	9.00	12	10.13	26	9.00	26	9.00	12	9.00	74	9.00	72	9.00	28	9.00	58	9.00	57	9.00	19
Algona	8.50	3	7.50	3	NA	1	9.00	23	9.00	24	9.00	11	9.00	48	9.00	50	9.00	20	9.00	11	9.00	12	9.25	6
Ft. Dodge	9.00	14	8.00	16	7.88	6	9.00	48	9.00	48	9.00	20	9.00	67	9.00	70	9.00	26	9.00	67	9.00	66	9.00	25
Webster City	10.25	7	7.88	7	NA	1	9.00	25	9.00	24	9.00	11	9.00	47	9.00	48	9.00	23	9.00	40	9.00	40	9.00	20
Waterloo	11.70	38	9.50	56	10.01	10	10.00	61	9.00	64	9.00	29	9.00	61	9.00	64	9.00	24	10.00	27	10.29	28	10.13	9
Charles City	9.90	12	9.39	12	9.45	6	9.00	20	9.00	20	9.00	7	8.49	10	8.49	10	8.78	4	9.00	11	9.00	11	8.44	5
Allison	11.50	12	10.00	12	10.29	5	9.00	26	9.00	26	9.00	12	10.13	26	9.00	26	9.00	12	9.00	14	9.00	16	9.00	7
Mason City	13.75	18	10.50	19	10.56	8	10.13	40	9.00	40	9.00	18	10.13	74	9.13	74	9.00	32	10.13	31	9.00	32	9.00	14
Decorah	10.80	14	9.17	16	9.23	5	10.13	14	10.13	14	10.13	5	11.03	8	9.34	8	9.00	4	9.45	26	9.00	28	9.00	11
Independence	10.00	12	9.34	16	8.33	7	9.00	21	9.00	24	9.00	9	9.28	22	9.00	22	9.28	10	9.00	14	9.00	16	9.00	7
Dubuque	12.28	24	10.13	30	9.90	12	10.13	18	9.25	18	10.06	9	10.13	72	9.25	74	9.00	28	10.13	30	10.03	34	9.25	14
Des Moines	15.50	105	12.20	145	11.00	57	11.00	266	10.00	280	9.00	106	12.00	606	11.00	626	10.00	152	12.00	256	11.00	247	10.00	47
Ames	15.00	19	12.33	19	9.96	16	11.25	36	10.00	37	10.00	14	11.50	88	10.13	88	10.00	27	10.85	62	10.00	61	9.11	17
Boone	14.75	20	11.48	30	10.25	14	9.75	32	9.00	32	9.00	15	11.25	61	10.13	64	9.25	26	10.00	104	9.50	103	9.00	36
Indianola	13.20	9	11.25	13	9.50	7	10.00	37	9.75	37	9.00	12	10.00	42	9.50	45	9.75	13	10.00	21	10.00	22	8.88	8
Newton	14.45	10	10.88	12	9.50	7	9.00	40	8.89	40	8.50	19	10.00	80	9.00	86	9.00	31	9.25	61	9.00	61	9.00	19
Marshalltown	11.84	10	10.00	11	10.00	3	10.00	37	10.00	38	9.50	13	10.00	51	10.00	54	10.00	21	10.00	26	9.00	26	9.00	9
Council Bluffs	10.94	28	9.00	38	8.00	17	9.00	70	8.50	78	8.13	34	9.50	35	9.00	38	9.00	10	9.00	83	9.00	91	9.00	27
Logan	9.08	10	8.48	10	7.99	6	7.99	46	7.88	51	7.88	21	9.00	23	9.00	26	9.00	8	7.88	72	7.88	76	7.88	21
Carroll	10.52	4	10.18	4	NA	2	9.00	104	9.00	104	9.00	39	9.00	75	9.00	75	9.00	23	9.00	129	9.00	132	9.00	44
Atlantic	12.38	7	10.97	8	NA	2	7.88	78	7.88	81	7.88	34	9.00	48	9.00	50	9.00	15	9.00	86	9.00	98	9.00	34
Creston	9.50	6	8.25	6	7.88	3	7.88	50	7.88	50	7.88	15	7.88	32	7.88	38	6.75	9	7.88	30	7.88	29	7.88	12
Clarinda	9.62	8	8.38	10	9.23	5	8.44	29	7.88	30	7.88	10	8.00	16	8.25	18	9.00	5	8.50	58	7.88	64	7.88	20
Leon	8.80	7	7.43	8	7.15	4	7.88	49	7.88	56	7.88	20	7.88	31	7.88	36	8.03	14	7.88	21	7.88	22	7.88	5
Cedar Rapids	14.60	30	11.70	38	11.45	13	10.56	37	9.50	46	9.38	20	10.00	164	10.00	200	9.50	79	10.00	113	9.50	138	10.00	51
Vinton	10.58	12	11.21	16	10.93	9	9.00	29	8.50	32	9.00	14	9.00	43	9.00	50	9.00	18	9.00	32	9.00	36	9.00	16
Iowa City	15.59	17	13.38	20	NA	2	12.50	14	12.50	14	12.50	4	11.00	43	10.63	46	10.38	12	12.50	19	11.50	19	13.13	6
Muscatine	11.35	8	10.45	8	8.88	4	8.50	19	8.50	24	8.50	11	9.00	20	9.00	22	9.00	8	10.00	22	8.78	24	8.72	8
Davenport	15.60	20	12.53	26	11.25	13	9.50	35	9.50	38	9.50	15	10.00	307	9.50	364	9.50	143	10.00	145	9.70	177	9.85	68
Clinton	11.25	6	9.45	11	9.00	7	9.00	23	9.00	26	9.00	13	9.00	30	9.00	34	9.00	16	9.00	54	9.00	59	9.00	25
Burlington	10.31	10	9.00	11	8.81	6	9.00	49	9.00	54	9.00	27	9.00	8	9.28	10	9.56	5	9.00	32	9.00	39	9.00	13
Ft. Madison	11.25	6	10.80	6	NA	2	8.75	20	8.75	24	9.00	11	8.83	4	10.52	8	NA	2	9.00	10	7.88	10	7.69	5
Fairfield	9.50	9	8.38	10	9.00	5	10.00	10	9.25	10	9.00	3	8.75	8	9.00	10	8.75	4	9.00	21	9.00	26	9.00	9
Ottumwa	12.38	6	10.13	11	9.68	6	9.00	32	9.00	34	9.00	16	9.00	59	9.00	66	9.00	29	9.00	34	9.00	42	9.00	20
Centerville	8.78	7	7.88	7	7.88	4	7.50	25	7.50	30	7.50	11	9.00	33	9.00	34	8.33	10	7.88	16	8.06	18	8.42	8

**75TH PERCENTILE RATES FROM THE 2000 IOWA CHILD CARE PROVIDER
SURVEY - ALL PROVIDERS - COUNTY RATES
-- FOR THOSE COUNTIES WHO HAD RESPONSES ON ALL 12 POSSIBLE RATES**

Cell Key : # = Number of Providers who Responded

NA= Not Available

TABLE 1: HALF DAY RATES FOR BASIC CARE

Licensed ChildCare Center

Registered Group Home

Registered Family Home

Nonregistered Family Home

	Enrolled - Children's Center						Registered - Group Home						Registered - Family Home						Nonregistered - Family Home					
Cluster	Inf/Tod		PreSch		SchAge		Inf/Tod		PreSch		SchAge		Inf/Tod		PreSch		SchAge		Inf/Tod		PreSch		SchAge	
	Rate	#	Rate	#	Rate	#	Rate	#	Rate	#	Rate	#	Rate	#	Rate	#	Rate	#	Rate	#	Rate	#	Rate	#
Benton	10.40	6	9.40	6	8.80	3	8.75	13	9.00	14	9.56	6	10.00	14	10.00	15	9.00	7	9.00	12	9.00	12	9.00	6
Black Hawk	11.70	38	9.50	56	10.01	10	10.00	61	9.00	64	9.00	29	9.00	61	9.00	64	9.00	24	10.00	27	10.29	28	10.13	9
Boone	13.05	3	10.58	9	11.48	3	9.00	16	9.00	16	9.00	8	10.50	24	10.13	26	10.00	11	10.00	44	9.75	44	9.00	15
Cedar	10.90	6	9.93	6	8.88	4	8.88	10	8.50	12	8.88	6	9.81	9	9.66	10	9.50	3	9.55	10	9.00	12	9.00	4
Cerro Gordo	13.75	14	10.50	15	10.50	7	11.25	21	9.00	22	9.23	9	10.13	56	9.38	56	9.00	23	10.13	14	9.00	14	10.13	6
Clinton	11.25	4	10.49	8	10.32	4	9.00	14	9.00	16	9.00	8	9.00	22	9.00	24	9.00	11	9.00	32	9.00	36	9.00	14
Dallas	15.25	17	11.85	21	10.00	11	10.00	16	9.75	16	10.00	7	11.38	37	10.00	38	9.00	15	10.00	60	9.50	59	9.00	21
Des Moines	9.63	6	9.00	6	9.00	3	9.68	31	9.00	36	9.56	18	9.00	6	9.00	6	9.00	3	9.00	26	9.00	33	9.00	10
Dickinson	11.25	3	9.00	8	9.00	5	10.41	10	10.13	10	9.56	5	10.13	24	10.13	24	10.13	11	10.00	12	10.00	12	10.13	5
Dubuque	12.28	24	10.13	30	9.90	12	10.13	18	9.25	18	10.06	9	10.13	72	9.25	74	9.00	28	10.13	30	10.03	34	9.25	14
Jasper	15.20	6	11.30	8	10.25	4	9.00	26	9.00	26	8.88	12	10.00	57	9.38	60	9.00	19	9.75	33	9.00	33	11.88	8
Linn	15.13	24	12.08	32	11.48	12	10.78	36	9.63	42	9.50	18	10.00	150	10.00	186	10.00	72	10.00	94	10.00	114	10.00	41
Mahaska	10.35	4	10.00	8	9.70	3	9.00	14	9.00	16	9.00	7	9.00	21	9.00	22	8.08	12	9.00	25	9.00	28	9.00	13
Marion	10.00	4	9.00	4	9.00	3	9.00	14	8.50	14	8.50	7	10.00	23	9.00	26	8.88	12	9.00	28	9.00	28	9.00	11
Marshall	12.50	6	10.48	7	10.00	3	10.00	25	10.00	26	9.75	9	10.00	39	10.00	40	10.00	17	10.03	18	9.25	18	9.50	5
Polk	15.50	105	12.20	145	11.00	57	11.00	266	10.00	280	9.00	106	12.00	606	11.00	626	10.00	152	12.00	256	11.00	247	10.00	47
Pottawattamie	10.94	28	9.00	38	8.00	17	9.00	70	8.50	78	8.13	34	9.50	35	9.00	38	9.00	10	9.00	83	9.00	91	9.00	27
Scott	15.60	20	12.53	26	11.25	13	9.50	35	9.50	38	9.50	15	10.00	307	9.50	364	9.50	143	10.00	145	9.70	177	9.85	68
Shelby	9.45	4	8.33	4	8.33	3	8.33	20	7.88	20	7.88	9	9.00	12	8.78	12	9.11	5	7.88	42	7.88	44	7.88	15
Story	15.00	19	12.33	19	9.96	16	11.25	36	10.00	37	10.00	14	11.50	88	10.13	88	10.00	27	10.85	62	10.00	61	9.11	17
Warren	14.90	5	11.50	9	9.93	5	10.00	29	10.00	29	8.88	8	10.00	36	10.00	39	10.00	11	10.00	16	10.00	16	9.25	6
Woodbury	12.00	19	9.00	35	8.75	17	9.00	55	8.94	56	8.75	27	10.00	118	9.00	128	9.00	55	9.00	47	8.00	55	8.00	19

75TH PERCENTILE RATES FROM THE 2000 IOWA CHILD CARE PROVIDER
SURVEY - ALL PROVIDERS - STATEWIDE RATES

TABLE 1: HOURLY RATES FOR BASIC CARE								
Age Group	Licensed Child Care Center		Registered Group Home		Registered Family Home		Non Registered Family Home	
	Rate	#	Rate	#	Rate	#	Rate	#
Infant and Toddler	2.97	580	2.00	1618	2.22	2655	2.11	1993
Pre-School	2.38	742	2.00	1716	2.22	2859	2.00	2131
School Age	2.22	312	2.00	707	2.00	1000	2.00	733

Ceil Key : # = Number of Providers who Responded

IOWA DEPARTMENT OF HUMAN SERVICES

TRENDS IN CHILD CARE ASSISTANCE

Caseload and Monthly expenditures for child care assistance and protective child care cases

	December 1996 (SFY97)	December 1999 (SFY00)	December 2000 (SFY01)
MONTHLY CASES PAID	6,710	14,404	14,821
MONTHLY EXPENDITURES	\$1.7M	\$4.1M	\$4.2M

IMPACT OF WAITING LIST – IMPLEMENTED 10/1/00:

Waiting List As of 2/12/01

Region	# Families	# Children
Sioux City	111	200
Waterloo	207	343
Des Moines	237	392
Council Bluffs	112	208
Cedar Rapids	387	683
TOTAL	1054 FAMILIES	1826 CHILDREN

Estimated Costs To Lift Waiting List:

Current caseload growth projection of 200 cases/mo. AND maintaining the WL through 7/1/01 =

\$1.4M – Additional TANF Transfer for SNO 1

\$1.4M – TANF Transfer (Governor's Budget Request)

\$3.0M – TANF Transfer (Department's Budget Request)

\$5.8M – Allow us to lift waiting list 7/1/01 with projected surplus at end of '01 of \$600K

- ◆ No additional General Funds requested
Managed with increase in CCDF / TANF transfers / Caseloads stabilizing / Effects of WL
- Caution: We are estimating a caseload average for cost projections

“Moving target”

of families on WL who will access when lifted

of families who did not apply due to WL but will have need

Unknown as to care costs – based on age of child and setting

Economic factors

FUNDING HISTORY

	Actual SFY96	Actual SFY00	Estimated SFY01	Estimated SFY02
REVENUES				
Balance carried forward		\$ 8,573,198	(\$1,716,120)	\$ 3,475,860
State appropriation		\$ 5,050,750*	\$ 5,050,752*	\$ 5,050,752*
CCDF		\$25,166,251	\$39,501,184	\$37,046,007
TANF		\$16,782,501	\$24,599,573 (includes \$1.4M)	\$27,690,813
Other**		\$ 7,427,662	\$ 7,494,505	\$ 7,494,505
TOTALS		\$63,000,362	\$74,929,894	\$80,757,937
EXPENDITURES				
Child Care Assistance	\$17,284,873	\$44,673,329	\$48,713,644	\$56,796,000
Protective	\$ 1,536,520	\$ 4,953,118	\$ 4,894,505	\$ 4,894,505
Transitional	\$ 3,418,915	\$ 2,871,101	\$ 517,992	0
PROMISE JOBS	\$ 1,726,551	\$ 3,392,941	\$ 3,499,934	\$ 3,500,000
Foster Care	0	0	0	\$ 1,350,000
Quality/Admin/Field		\$ 8,825,993	\$13,827,959	\$13,607,856
TOTALS	\$23,966,859	\$64,716,482	\$71,454,034	\$80,148,361
BALANCE		(\$1,716,120)	\$3,475,860	\$ 609,576

* = Funding needed to meet our federal CCDF and TANF Maintenance of Effort (MOE) requirements)

** = includes transfer from Children and Family Services allocation and child care tax credit

ADDITIONAL TANF FUNDING

Additional TANF Transfer in SNO 1 = \$1.4M

- ◆ Total funding available in SFY01 is not increased with the additional TANF
- ◆ “Cash management issue” in managing federal funds
- ◆ Allows us to maximize FFY02 CCDF award in SN02
- ◆ If no additional TANF funding in SFY01, more FNO 1 CCDF will be accessed to manage SNO 1 costs – reducing available federal funds in SN02

BREAKOUT OF AGES SERVED IN SFY00 (For Child Care Assistance and Protective Child Care)

Age Group	# Served	Expenditures
Infant/Toddler (birth – 2 yrs.)	7,062	\$12,847,735
Preschool (3-5 yrs.)	9,388	\$18,968,828
School-Age (5+ yrs.)	11,352	\$17,514,296

(CC_TRENDS/1-01)

IOWA DEPARTMENT OF HUMAN SERVICES
STRATEGIES TO SUPPORT CHILD CARE PROVIDERS
SUPPORTED WITH SFY01 TANF FUNDING

TARGET: Educational support for or increasing the capacity of family home providers

APPROPRIATION: \$300,000

PARTNER: Child Care Resource and Referral Agencies (CCR&R's)

STRATEGIES:

- ❑ Expanding existing home consultant infrastructure through the CCR&R's
- ❑ Home consultant provides "on-site" consultation with home providers to increase **number** of registered homes, increase **quality and capacity** of those homes, and improve **retention** of quality providers.
- ❑ Incentives to support on-site visit and to encourage participation in CACFP, registration, etc.
- ❑ On-site consultation serves as professional development for many home providers
- ❑ ChildNet, a 10-session training series that provides a basic overview of quality family child care, will be offered state-wide to family child care providers.

TARGET: Improving the quality and capacity of school-age care providers

APPROPRIATION: \$200,000

PARTNER: Iowa School Age Care Alliance (ISACA)

STRATEGIES:

- ❑ Specific school-age training will be available state-wide to any provider who cares for school-aged children.
- ❑ On-site consultation will be provided both to center and home providers for increasing the quality of school-aged programming.
- ❑ Direct provider grants will be awarded for:
 - Transportation to child care or to educational opportunities.
 - Expansion costs, replacement of materials.

TARGET: Support for Child Care Providers for Emergency / Start-Up

APPROPRIATION: \$200,000

PARTNER: USDA/Iowa Rural Development

STRATEGIES:

- ❑ Partnership with Rural Development, Small Business Development Centers (SBDC), CCR&R's, ISU Extension and Department staff.
- ❑ Leveraging existing grant dollars through Rural Development's Community Early Childhood Project's loan program
- ❑ Support will be offered to parties interested in starting a child care program and programs experiencing a financial crisis;
 - Technical assistance to determine feasibility of starting a child care center and to determine strategies to **keep** program viable long-term
 - Direct financial assistance for start-up costs in obtaining needed equipment, renovation, training, etc. as well as fiscal strategies needed to sustain a center in an emergency **financial** situation

IOWA DEPARTMENT OF HUMAN SERVICES

METHODOLOGIES FOR ESTABLISHING PROVIDER REIMBURSEMENT

CONSIDERATIONS OF THE 2000 MARKET RATE SURVEY

DESIRED OUTCOMES OF PROVIDER RATES:

Greater *access* for parents, *retention* of providers, and *positive outcomes* for Iowa's children.

➤ “One strategy does not fit all.”

- 9 Geographic variations in reimbursement – result in distinct benefactors and those who would be negatively impacted
- 9 Administrative considerations that impact effectiveness.

METHODOLOGY	CONSIDERATIONS
COUNTY	<ul style="list-style-type: none">• Representation of providers is of concern.• At an absolute minimum, a rate established at the 75th percentile requires that each county has at least 4 providers serving private-pay families – in each of the 12 possible rate groupings – with a range among those rates.• Only 22 out of 99 counties had all 12 rates. Twenty-six counties had at least 6 of the 12 rates.• Over half of the counties failed to meet at least 6 of the 12 rates.• Consequently, information is insufficient to be able to determine a true market rate for all 99 counties.• Because of the limited number of provider types (and ages served) that may be available in any one county, it may be impossible to ever yield data sufficient to establish a rate at the 75th percentile.• Some counties in the state have less than 5 registered child care homes and no licensed centers.
CLUSTER	<ul style="list-style-type: none">• A majority of the 38 clusters did not exceed the statewide maximum. In most instances, fewer than 10 clusters for a particular provider type/age served had a rate that exceeded the statewide rate.• Establishing rates on a cluster basis would result in 38 different rate tables, with 12 rates per table, which could become confusing to providers, parents, and DHS workers. Payment established for families who might reside in one cluster but receive child care in another raises concerns regarding access.

REGIONAL	<ul style="list-style-type: none"> • Only one region, Des Moines, shows a significant difference from the other regions in terms of rates. • This is probably truly more of a rural/urban difference, because of the 9 counties considered urban in Iowa, 3 of them are in the DM region. • This approach would not be as confusing for providers and parents as the cluster approach, since there would be only one rate table per region. • However, moving to the regional approach would cause a significant number of providers across the state to see a decrease in their reimbursed rates, because in some cases both the current and 2000 state maximum is higher than their 2000 regional maximum.
RURAL/URBAN	<ul style="list-style-type: none"> • Using this methodology would result in some providers realizing an increase and others a decrease in their rates compared to current reimbursement. • The rates for infants and preschoolers attending child care centers and infants in registered family child care homes in rural areas were found to be lower than the current state maximums. • The rates for school-age children and preschoolers attending child care centers in rural areas and the rates for school-age children cared for in family group child care homes in rural areas were found to be slightly higher than the current state maximums. • Establishing a rural rate at less than the current maximum raises some concern in supporting infant care options in rural Iowa.
STATEWIDE	<ul style="list-style-type: none"> • Implementing the 2000 market rate data under a statewide system results in all categories remaining consistent with or realizing an increase of between 1.9-1 1.1% over the 1998 maximum rate. • Rates remain unchanged for infant and school-age care in registered home settings.
ADMINISTRATION	<ul style="list-style-type: none"> • A regional, urban or statewide rate is less cumbersome to administer than a cluster or county rate structure. • Converting from a statewide rate -- with 12 rates based on age and provider type -- to a cluster rate would result in 456 basic care rates; county-based rates would result in 1,188 basic care rates. • The challenges in administering a multi-rate system is compounded by the potential to confuse providers, the likelihood for errors to occur, challenges in completing the federal reporting requirements, etc.